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SUBJECT: UNION LEADERS CALL OFF GENERAL STRIKE; THANK U.S.
EMBASSY FOR ITS INTERCESSION

REF: PHNOM PENH 1199 AND PREVIOUS

1. (U) SUMMARY. Union leader Chea Mony told the Ambassador today that he was calling off the general strike he had threatened to lead starting July 3. While his Free Trade Union (FTU) and the Garment Manufacturers Association of Cambodia (GMAC) have not yet reached a final agreement, they have made such substantial progress that Chea Mony has agreed to postpone the strike and return to negotiations in August. Thanking the U.S. Embassy for its help in resolving the dispute, Chea Mony said that embassy efforts were critical in bridging the gap between the two sides. This resolution is a victory for workers, factory owners, and the nation's economy as a whole. END SUMMARY.

Chea Mony: General Strike Called Off...

2. (SBU) During a meeting with the Ambassador on June 29, Free Trade Union (FTU) President Chea Mony announced that he would call off the general strike he and Cambodian Independent Teachers Association (CITA) President Rong Chhun had threatened to lead starting on July 3. Chea Mony said that after several rounds of negotiations with the Garment Manufacturers Association of Cambodia (GMAC), the FTU received a letter from GMAC offering to increase the minimum wage by USD 7 over three years. While the FTU is still pressing for an USD 8 increase over three years, the difference between the two sides is small enough that the FTU has agreed to postpone the strike indefinitely. Many GMAC leaders will be traveling to the US in July to press Congress for the passage of the TRADE Act, but both sides expect to conclude a deal when GMAC officials return in August.

3. (U) During the meeting, the FTU president made a point of thanking the embassy for its help in pushing both GMAC and the FTU closer to an agreement. Chea Mony said that US efforts over the past two weeks--which included urging compromise via a roundtable discussion with union leaders and a meeting with GMAC, encouraging the Ministers of Commerce and of Labor to play an active role in resolving the dispute, informal analysis sessions with GMAC and FTU/CITA leaders, and frequent advice to the International Labor Organization (ILO)/American Center for International Labor Solidarity (ACILS) team putting together a draft sector-wide framework agreement--played a critical role in bridging the gap between the FTU and GMAC. Chea Mony noted that Cambodia's democracy

is still far from perfect, and said that "If the US turns a blind eye to Cambodia, the country will go astray."

...But Unions Still Face Challenges

¶4. (SBU) Despite the progress made in negotiations with GMAC, Chea Mony noted that unions faced challenges on several other fronts. Some unions extort money from employers, he said. Some union leaders also serve as government advisors and discourage workers from actively pressing for better working conditions or higher wages. In addition, the FTU's reputation as a pro-opposition group is inaccurate, he insisted, distracts from the federation's true mission of serving its members, and sometimes leads to harassment from police.

Ambassador: Compromise Can Be Courageous

¶5. (U) The Ambassador praised Chea Mony for his pragmatism and his willingness to see all sides of the labor dispute. Courage is not about taking an extreme stand, he commented, it is about being reasonable and open to compromise. There are a few unscrupulous actors within both GMAC and the labor movement, the Ambassador observed, but there are also enough good people on all sides to achieve good results. This decision was the best for Cambodia's workers, he added.

¶6. (SBU) COMMENT. The planned general strike, which would have driven some garment factories out of the country, could easily have led to violence and even political instability. It is still possible that resumed negotiations in August could encounter unforeseen problems, but we are hopeful that

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the two sides will not reach an impasse when they have already come so far and have had time to cool down. This process has institutionalized a negotiating process between the country's most powerful labor union and the garment manufacturers, solidified labor rights, and given workers a fair hearing. Improved labor relations and fewer unwarranted strikes will help Cambodia's garment industry maintain its competitiveness in the region. END COMMENT.
MUSSOMELI